

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00

SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00

DOE-11 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-05 USIA-06 OES-07 SP-02 SS-15 STR-07

TRSE-00 ACDA-12 /159 W

-----079997 020648Z /QE

R 012100Z MAR 78

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 1387

INFO AMEMBASSY ALGIERS

AMEMBASSY BOGOTA

AMEMBASSY BONN

USINT BAGHDAD

AMEMBASSY BRAASILIA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY THE HAGUE

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINGSTON

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

P/AMEMBASSY PANAMA 2873

AMEMBASSY PARIS

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCICALPA

AMEMBASSY TEHRAN

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AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL CURACAO

AMCONSUL DHAHRAN

AMEMBASSY BRUSSELS

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USEEC

USOECD

E.O. 11652:NA

TAGS: ENRG, VE

SUBJECT: PETROLEOS DE VENEZUELA-1977 OPERATIONS AND 1978 PLANS

REF: CARACAS A-148 OF OCT 21,1977

1. AN OFFICIAL OF PETROLEOS DE VENEZUELA, THE VENEZUELAN OIL HOLDING COMPANY, PROVIDED THE FOLLOWING DATA TO THE EMBASSY ON THE OIL INDUSTRY'S OPERATIONS DURING 1977 CORRESPONDING INFORMATION FOR THE PREVIOUS YEAR, DRAWN FROM PETROLEOS' 1976 ANNUAL REPORT, IS PROVIDED FOR COMPARISON.

1977 1976

(IN THOUSANDS OF BARRELS PER DAY UNLESS OTHERWISE STATED)

TOTAL CRUDE OIL PRODUCTION	2,241	2,294
PROD OF NATURAL GAS LIQUIDS	75	70
TOTAL CRUDE POTENTIAL	2,600	2,600

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REFINERY RUNS	967	984
LOCAL MARKET SALES	252	235
EXPORT SALES	1,977	2,156
NATURAL GAS UTILIZATION	92 PERCENT	92 PERCENT
TOTAL YEAR END PERSONNEL	25,066	23,603
GROSS INCOME	\$10.1 BILL	\$9.2 BILL
TAXES AND ROYALTIES TO GOV	\$ 6.6 BILL	\$6.8 BILL
NET EARNINGS RETAINED BY PETROLEOS	\$ 1.9 BILL	\$0.8 BILL

2. PETROLEOS DE VENEZUELA AND ITS' OPERATING COMPANIES HAVE ANNOUNCED VARIOUS GOALS OR PLANS FOR 1978. THESE INCLUDE THE FOLLOWING:

EXPLORATION-INVESTMENTS OF ABOUT \$230 MILLION IN GEOPHYSICAL WORK AND THE DRILLING OF ABOUT 74 EXPLORATION WELLS, INCLUDING WELLS IN THREE OFFSHORE AREAS (GULF OF LA VELA, GOLFO TRISTE, AND THE ORINOCO DELTA). THIS WILL BE ALMOST DOUBLE THE INVESTMENT IN THIS AREA DURING 1977, AND WILL REPRESENT ALMOST A 50 PERCENT INCREASE IN WELLS DRILLED. ABOUT 50 PERCENT OF THE PLANNED WELLS ARE TO GO DEEPER THAN 14,000 FEET. IN GENERAL, THESE GOALS SEEM OVERLY OPTIMISTIC AS THE LACK OF DRILLING RIGS ALONE IS LIKELY TO

PREVENT THE OPERATING COMPANIES FROM REACHING THEIR TARGETS. THE COMPANIES ARE UNDERSTOOD TO BE SEEKING CONTRACT DRILLERS FOR THE OFFSHORE WORK.

PRODUCTION- ABOUT \$840 MILLION IN NEW INVESTMENT IS BEING BUDGETED FOR THE DRILLING OF DEVELOPMENT WELLS (UP TO 700 COMPARED TO 400 IN 1977), REWORKING OF EXISTING WELLS, AND OTHER NEW PRODUCTION AND SECONDARY RECOVERY PROJECTS. AGAIN, THE DRILLING PROGRAM, AT LEAST, IS LIKELY TO BE CONSTRAINED BY A LACK OF RIGS AND CREWS. REFINING -CAPITAL PAYMENTS OF ABOUT \$230 MILLION ARE PLANNED IN THIS SECTOR AS CONSTRUCTION IS EXPECTED TO BEGIN ON THE CATALYTIC CRACKER AT THE CARDON REFINERY AND MODERNIZATION OF THE EL PALITO REFINERY. PRELIMINARY PAYMENTS MAY ALSO BE MADE TOWARD THE MAJOR UPGRADING OF THE REFINERY AT AMUAY ONCE THIS PROJECT IS APPROVE LIMITED OFFICIAL USE

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BY THE MINISTRY OF ENERGY.

3. OVER THE LONGER TERM, PETROLEOS IS PROJECTING INVESTMENTS OF APPROXIMATELY

\$20 BILLION OVER THE NEXT 10 TO 12 YEARS IN ADDITION TO \$16 BILLION IN OPERATING COSTS. THESE FIGURES DO NOT INCLUDE POTENTIAL EXPENDITURES FOR EXTENSIVE WORK IN THE ORINOCO HEAVY OIL BELT OR IN THE PETROCHEMICAL SECTOR WHICH IS BEING TRANSFERRED TO PETROLEOS.
CROWLEY

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Message Attributes

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